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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket No. 10-90; DA 13-1136]

Availability of Version 3.1.2 of the Connect America Fund Phase II Cost Model; Additional Discussion

Topics in Connect America Cost Model Virtual Workshop

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Wireline Competition Bureau announces the next version of the Connect America Cost Model (CAM v3.1.2), which allows Commission staff and interested parties to calculate costs based on a series of inputs and assumptions for Connect America Phase II implementation. The Bureau also announces that it is seeking additional input on a number of issues in the ongoing virtual workshop.

DATES: Comments are due on or before June 18, 2013.

If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: You may submit comments, identified by WC Docket No. 10-90, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://fjallfoss.fcc.gov/ecfs2/>. Follow the instructions for submitting comments.
- Virtual Workshop: In addition to the usual methods for filing electronic comments, the Commission is allowing comments, reply comments, and ex parte comments in this proceeding to be filed by posting comments at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>.

- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: (202) 418-0530 or TTY: (202) 418-0432.

For detailed instructions for submitting comments and additional information on the rulemaking process, see the SUPPLEMENTARY INFORMATION section of this document.

FOR FURTHER INFORMATION CONTACT: Katie King, Wireline Competition Bureau at (202) 418-7491 or TTY (202) 418-0484.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Wireline Competition Bureau's Public Notice in WC Docket No. 10-90; DA 13-1136, released May 17, 2013, as well as information posted online in the Wireline Competition Bureau's Virtual Workshop. The complete text of the Public Notice is available for inspection and copying during normal business hours in the FCC Reference Information Center, Portals II, 445 12th Street, SW., Room CY-A257, Washington, DC 20554. These documents may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc. (BCPI), 445 12th Street, SW., Room CY-B402, Washington, DC 20554, telephone (800) 378-3160 or (202) 863-2893, facsimile (202) 863-2898, or via the Internet at <http://www.bcpweb.com>. In addition, the Virtual Workshop may be accessed via the Internet at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>.

1. The Wireline Competition Bureau (Bureau) announces the next version of the Connect America Cost Model (CAM v3.1.2), which allows Commission staff and interested parties to calculate costs based on a series of inputs and assumptions for Connect America Phase II implementation. CAM v3.1.2 builds on version 3.1 of the model (CAM v3.1) by modifying cable coverage to reflect census blocks served by cable providers (based on the National Broadband Map, data as of June 2012) that have reported voice subscriptions on FCC Form 477 (data as of June 2012). Previous versions of the model only provided the capability to filter out cable providers shown on the National Broadband Map as providing broadband service meeting a specified speed—regardless of whether they also provide voice

services—when identifying blocks eligible for funding. CAM v3.1.2 also makes minor adjustments to the fixed wireless voice coverage.

2. The Bureau also announces that it is seeking additional input on a number of issues in the ongoing virtual workshop. The Bureau adds a discussion topic to the virtual workshop entitled “Finalizing Input Values for Connect America Cost Model Cost Estimation Module” to seek comment on whether the values used in the input collections for the cost estimation module in CAM v3.1.2 are reasonable values to use in the final version of the cost model that the Bureau will ultimately adopt.

3. Among other things, the Bureau seeks focused public input on the appropriate cost of capital to be utilized in the ACFs. The follow-up question, which appears in the comment section of the “Setting the Rate of Return for the Connect America Cost Model” topic, asks whether to assume a cost of capital of eight percent, calculated with a ratio of debt to equity of 45:55, when adopting final ACFs. CAM v3.1.2 enables users to view the impact on cost estimates of using ACFs that assume a cost of capital of nine percent, calculated with a ratio of debt to equity of 25:75 and a cost of debt of seven percent, versus using ACFs that assume a cost of capital of eight percent, calculated with a ratio of debt to equity of 45:55 and a cost of debt of 6.19 percent.

4. The Bureau also adds two additional discussion topics to the virtual workshop relevant to finalizing support amounts entitled “Support Thresholds” and “Connect America Fund-Intercarrier Compensation Recovery Mechanism Set Aside Amount.” Finally, the Bureau adds an additional follow-up question to the comment section of the “Determining the Fraction of Supported Locations That Will Receive Speeds of 6 Mbps/1.5 Mbps or Greater” topic.

5. To the extent the public believes that there are additional issues that should be addressed in the virtual workshop before finalizing the cost model, they are encouraged to notify the Bureau as quickly as possible.

6. Responses should be submitted in the virtual workshop no later than June 18, 2013.

Parties can participate in the virtual workshop by visiting the Connect America Fund webpage, <http://www.fcc.gov/encyclopedia/connecting-america>, and following the link to the virtual workshop.

7. Comments from the virtual workshop will be included in the official public record of this proceeding. The Bureau will not rely on anonymous comments posted during the workshop in reaching decisions regarding the model. Participants should be aware that identifying information from parties that post material in the virtual workshop will be publicly available for inspection upon request, even though such information may not be posted in the workshop forums.

I. PROCEDURAL MATTERS

A. Initial Regulatory Flexibility Act Analysis

8. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Bureau prepared an Initial Regulatory Flexibility Analysis (IRFA), included as part of the Model Design PN, 77 FR 38804, June 29, 2012, of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in these Public Notices and the information posted online in the Virtual Workshops. We have reviewed the IRFA and have determined that it does not need to be supplemented.

B. Paperwork Reduction Act

9. This document does not contain proposed information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4).

C. Filing Requirements

10. Comments and Replies. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415 and 1.419, interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS). See Electronic Filing of Documents in Rulemaking Proceedings, 63 FR 24121, May 1, 1998.

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th Street, SW., Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
 - U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW., Washington DC 20554.

11. Virtual Workshop. In addition to the usual methods for filing electronic comments, the Commission is allowing comments in this proceeding to be filed by posting comments at <http://www.fcc.gov/blog/wcb-cost-model-virtual-workshop-2012>. Persons wishing to examine the record in this proceeding are encouraged to examine the record on ECFS and the Virtual Workshop. Although Virtual Workshop commenters may choose to provide identifying information or may comment anonymously, anonymous comments will not be part of the record in this proceeding and accordingly will not be relied on by the Commission in reaching its conclusions in this rulemaking. The Commission will not rely on anonymous postings in reaching conclusions in this matter because of the difficulty in verifying the accuracy of information in anonymous postings. Should posters provide identifying information, they should be aware that although such information will not be posted on the blog, it will be publicly available for inspection upon request.

12. People with Disabilities. To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

Availability of Documents. Comments, reply comments, and ex parte submissions will be publicly available online via ECFS. These documents will also be available for public inspection during regular business hours in the FCC Reference Information Center, which is located in Room CY-A257 at FCC Headquarters, 445 12th Street, SW., Washington, DC 20554. The Reference Information Center is open to the public Monday through Thursday from 8:00 a.m. to 4:30 p.m. and Friday from 8:00 a.m. to 11:30 a.m.

FEDERAL COMMUNICATIONS COMMISSION.

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